and traffic patterns (1.25 hours average driving time between sites) support maintaining both sites. Present capacity makes it impossible to absorb the other facility's workload without duplicating space, and neither site can accommodate the required space necessary to integrate the facilities. Given the concentration of the veteran population in the Bay Area and distinct primary service areas served by both sites, the duplication of most subspecialty services is both necessary and appropriate. Since both sites serve as referral centers for other facilities within the Network, consolidation of most clinical programs to a single site would be impractical, given the geographic size of the Network and the veteran population. This given, the Network did carry out a comprehensive analysis of all clinical and administrative programs at both sites to identify possible program consolidations and/or realignments. The opportunities identified are primarily highly specialized, low volume, high cost clinical services, and select administrative functions. The following are recommended:

Clinical Service Consolidation/Realignment

Function	Facility "From"	Facility "To"
Long Term Inpatient Care for Dementia & Neurobehavioral Problems – Including Substance Abuse	San Francisco	Palo Alto
Electro Convulsive Therapy (ECT)	San Francisco	Palo Alto
LTC for Chronically Mentally Ill	San Francisco	Palo Alto
Certain laboratory contract testing	San Francisco	Palo Alto
Parkinson's Disease / Epilepsy Surgery / Brain Mapping	Palo Alto	San Francisco
Portions of Neurosurgery including Stereotactic Radiosurgery (Gamma Knife)	Palo Alto	San Francisco
Brain Stem Auditory Evoked Responses	Palo Alto	San Francisco
Somato Sensory Evoked Potentials	Palo Alto	San Francisco
All Surgery requiring Spinal cord and root monitoring	Palo Alto	San Francisco
Brachytherapy for Prostate Cancer	Palo Alto	San Francisco
All Dental Surgery incl. dental implantology	Palo Alto	San Francisco
Portions of radiology through increased use of PACS	Palo Alto	San Francisco
Portions of Laboratory Services	Palo Alto	San Francisco
Electronystagmographs	Palo Alto	San Francisco
Endovascular Embolism of AVM	Palo Alto	San Francisco
Moh's Surgery	Palo Alto	San Francisco

Administrative Service Consolidation/Realignment

Function	Facility "From"	Facility "To"
Reproduction/Duplicating Services	Palo Alto	San Francisco
HRM/Position Classification	Palo Alto	San Francisco
Selected Aspects of Finance, Asset Management and Acquisition Operations	Palo Alto San Francisco	Network Office
Warehousing Operations	San Francisco	Palo Alto
Disposal of Government Property	San Francisco	Palo Alto
Recycle Program	San Francisco	Palo Alto
Management of Transportation	San Francisco	Palo Alto
Prosthetics & Sensory Aids Purchasing Agents	San Francisco	Palo Alto
IRM Help Desk	San Francisco	Palo Alto
Police Training	San Francisco	Palo Alto

The functions identified above are opportunities that represent a total cost avoidance of $2.37 million annually. As implementation planning progresses, efforts will be made to identify additional opportunities for consolidation, as well as to provide further fiscal/operational validation regarding the functions recommended above.

- **Capacity**

Capacity PIs were identified at the Market level within the Network. Outpatient Care PIs were identified in every Market, including Primary Care in five markets, and Specialty Care in all six Markets. Inpatient Care PIs were identified in one market for Psychiatry and Surgery. These PIs and solutions for these initiatives are addressed below in the individual market Plan discussions.

Special Disability Programs:

The Network did not receive a PI for the Special Disability Programs analyzed for this phase of CARES. The programs included in this review are Spinal Cord Injury (SCI) and Blind Rehabilitation Center (BRC). VAPAHCS is the Network referral site for both programs. There are 43 acute staffed beds for the SCI program at VAPAHCS. The Network fully supports the SCI Program and plans on maintaining the existing program. The Network also has a 32-bed BRC at VAPAHCS, which CARES data indicates is currently not operating at full capacity. The Network received a CARES recommendation to restore the BRC to its full bed capacity. The Network will support this recommendation.

- **Domiciliary**

The Network operates a 100-bed Domiciliary at VAPAHCS's Menlo Park Division. This program specializes in programs for Homeless Veterans. Although Domiciliary PIs are not included in this phase of CARES, the Network will be studying the demand for this program in the near future. Currently, 58% of the Network demand for domiciliary care is being met by facilities outside of this Network, of which the majority is provided by the White City Domiciliary, located in southern Oregon (VISN 20). The Network has no plans to expand domiciliary capacity. However, as CARES operational plans are developed, this Network will work closely with VISN 20 to identify shared opportunities for addressing future domiciliary demand and capacity.

Collaborative Opportunities:

- **Enhanced Use- Lease Opportunities**

Enhanced-Use (E-U) lease authority allows VA to enter into agreements with non-governmental entities for the use of VA space or land for private development, resulting in some form of benefit back to VA and to veterans. As part of the CARES process the Network identified four viable E-U Lease opportunities to enhance services to veterans by developing underutilized property. The E-U opportunity within the Markets covered in today's Hearing is:

- A Proposed 100-bed Long Term Care facility at the Sacramento VAMC Campus. This project has completed the required E-U public hearing at which time community members expressed support. The project is currently on hold awaiting resolution of the Department's assisted living policy.

- **VBA and NCA**

There were no Veterans Benefit Administration (VBA) or National Cemetery Administration (NCA) collocation opportunities identified in the Network.

- **VA/DoD Collaboration**

There are several significant VA/DoD Collaborations that have been identified as part of the CARES process. Many of these collaborations are ongoing and have the potential for expansion, while others are new initiatives. The following are significant VA/DoD Collaborations for the Markets to be discussed in today's Hearing.

- The VA/DoD Joint Venture between the Air Force's David Grant Medical Center (DGMC) and the North Valley Market's Sacramento VAMC is a well-established Joint Venture (JV). This JV currently allows veterans access to 24-hour emergency room services, specialty care services, selected diagnostic procedures, and inpatient hospitalization at DGMC. The VA has also constructed a 30,000 GSF outpatient clinic on the DGMC campus. This VA clinic provides veteran patients primary care, ancillary services and limited specialty services. The Air Force and VA also operate a joint neurosurgery clinic at the VA clinic. The Air Force operates a large DoD satellite clinic to see DoD beneficiaries, including TRICARE, at the VA Outpatient Clinic in Sacramento. Future plans are being explored to provide space in DGMC for a VA inpatient psychiatry unit. Also, DoD is exploring the feasibility of opening a large DoD operated joint pharmacy at the VA Sacramento Outpatient clinic to provide prescriptions for DoD beneficiaries and VA patients.

- South Valley Market, Fresno VAMC, has identified several opportunities to collaborate with DoD, specifically Lemoore Naval Air Station (NAS) to provide additional specialty services for both DoD and VA patients.

Vacant Space

Currently, the Network has a total of 4,123,996 SF of space at 36 sites of care. In FY 2001, the Network vacant space totaled 208,899 SF not including outlease space. As a Network PI, plans were developed to meet the national goal of a 10% reduction by FY 2004, and a 30% reduction

by FY 2005. Market Plans have been developed that exceed the goal with Network vacant space reduced by 42% in FY 2004, followed by an 84% total reduction by FY 2005. As evidenced by these plans, the Network remains proactive in capital asset management and is committed to providing safe and cost effective facilities to meet the changing veteran demographics in each Market.

The Network vacant space requirements are addressed in the six Market Plans in three ways;
1) utilizing vacant space for clinical program expansions to address capacity planning initiatives;
2) utilizing vacant space for Enhanced Use and outleasing projects for revenue generation; and
3) demolishing, donating or divesting VA of underutilized or unsafe buildings, and/or temporary trailers. Each space management scenario and recommended solution identified at the Market level was analyzed in terms of the impact on quality of care, access to care, research and education activities, safety, and to insure the optimal use of resources. In FY 2014, Network vacant space drops to a low of approximately 94,000 SF (approximately 2% of total network SF). As projected enrollees and outpatient workload increase, Network vacant space decreases. This is accomplished during the timeframe that Network sites of care increase to 48 (including leases and contract care sites), while 12 existing sites will expand services through adding square footage. By FY 2022, as enrollment and workload decrease, the Network vacant space will be maintained at 207,745 SF. The FY 2022 vacant space total is 5% of the current total Network facility space (4 million + SF), which will appropriately be utilized for swing space. The Livermore Campus Realignment Initiative has not yet been accounted for in the inventory of vacant space. If the Livermore initiative is approved, the Network will reassess plans for managing vacant space.

Market Plan Summaries
Market Plans were developed with a focus on veterans, the improvement of quality care, providing care in a safe environment, reduction of vacant space, and the realignment of clinical services to enhance access to care. For today's Hearing we will focus on the North Valley, South Valley and Sierra Nevada Markets.

North Valley Market

Market Overview
The Sacramento VA Medical Center (VAMC) of the VANCHCS is the only VAMC located within the North Valley Market. As described in the Market Area Descriptions (above), the North Valley Market encompasses a significant geographic area that extends through the northern interior of the state from the central Oregon border, through rural northern California and the Sacramento Valley to the Carquinez Straits. The North Valley Market includes 14 large and diverse counties for a total area of approximately 38,000 square miles. This CARES Market differs from that of the VANCHCS PSA as northern Alameda County, Contra Costa County, and western Placer County are not included in this market. However, eastern El Dorado County was added for CARES purposes.

Sacramento VAMC, a secondary care facility, recently enhanced its clinical capabilities with the June 2003 opening of the state-of-the-art 55-bed inpatient tower complete with a 10-bed ICU, four operating rooms, a cardiac catheterization laboratory, radiology, GI and urgent care. The new facility also includes clinical and inpatient research units, that together with the Positron Emission Tomography Scanner added last year, will greatly enhance the medical center's affiliation with the University of California School of Medicine, Davis (UCD). In addition to the Sacramento VAMC, there are five CBOCs that further support this market; locations include Redding, Chico, Sacramento (McClellan Park), Fairfield and Mare Island. VANCHCS has active sharing agreements in place with David Grant Medical Center, Travis AFB, US Army Reserves, the Forestry Service at Mare Island, and the US Coast Guard in Sacramento. VANCHCS is also a TRICARE network provider serving a large TRICARE population, approximately 22,000 active duty, retirees under 65 years of age and their dependents in Sacramento County.

- **Veteran Demographics**

The North Valley Market veteran population is projected to decline by 43% from FY 2001 through FY 2022 based on CARES analysis. Concurrently, Market enrollees are projected to decrease, but at a much slower rate of 14% from FY 2001 through FY 2022. During this same period market penetration is projected to increase from 19.4% to 29.1% as a direct result of increasing age of the projected veteran population.

North Valley Market Veteran Population and Enrollees*

North Valley Market	FY 2001			FY 2012			FY 2022		
	Actual Enrollees	Est. Vet Pop	Mkt. Pen	Actual Enrollees	Est. Vet Pop	Mkt. Pen	Actual Enrollees	Est. Vet Pop	Mkt. Pen
	52,235	268,547	19.4%	53,860	201,216	26.8%	44,915	154,133	29.1%

**Market level data*

- **Stakeholder Involvement**

Communicating with stakeholders about the CARES process has been a high priority for VANCHCS. Communication with stakeholders has occurred in a variety of ways including providing updates via formal and informal presentations at quarterly Veterans Service Officers (VSO) meetings, Congressional briefings and employee Town Hall meetings. VANCHCS has also provided updates and information via e-mail to VSOs and Congressional offices and provided brochures at community outreach events. Communication with employees has been accomplished primarily through the use of e-mail and Town Hall Meetings and posting CARES information and links on the internal web site. Employees have also been provided with written notices from the Director, as well as providing briefings and written materials at departmental and management meetings. News releases, fact sheets, Q&As and comment forms have also been made available in waiting areas for veterans and their families.

- **Access to Care**

The North Valley Market meets the access guidelines for all three levels of care.

North Valley Market Access*

Care Category	Baseline FY 2001		Proposed FY 2012		Proposed FY 2022	
	% of Enrollees within Guidelines	# of Enrollees outside access Guidelines	% of Enrollees within Guidelines	# of Enrollees outside access Guidelines	% of Enrollees within Guidelines	# of Enrollees outside access Guidelines
Primary Care	72%	15,648	79%	11,311	75%	11,229
Hospital Care	67%	18,442	67%	17,974	73%	12,127
Tertiary Care	88%	6,706	88%	6,463	98%	898

**Market level data*

Workload Capacity Planning Initiatives

- **Outpatient**

The North Valley Market has Outpatient PIs in Primary Care and Specialty Care. The CARES data projects a significant Primary Care workload gap of +16% (+19,258 stops) above the FY 2001 workload level by the year FY 2012. This Primary Care workload gap gradually diminishes over the following ten years, with an 11% decrease from FY 2001 through FY 2022. By the year FY 2012, the CARES data also projects a +44% increase in Specialty Care workload (+39,813 stops) over the baseline year of FY 2001. During the following ten years, this workload declines so that by FY 2022 the additional workload demand is only 19% greater than that actual recorded for the baseline year of FY 2001.

North Valley Workload Planning Initiatives*

	FY 2001	FY 2012			FY 2022		
Category	**Clinic Stops**	**Clinic Stops**	**% Gap From FY01**	**Change in Stops from FY 01**	**Clinic Stops**	**% Gap From FY01**	**Change in Stops from FY 01**
Primary Care	118,008	137,266	+16%**	19,258	104,876	-11%	-13,132
Specialty Care	90,200	**130,014**	**+44%**	**39,813**	107,460	+19%***	17,260

** Treating Facility based*
***Market based= 49% which is a PI*
****Market based = 30% gap which is a PI*

The North Valley Market has proactively developed a Market Plan to address gaps in capacity by:

- Expanding specialty care capacity at the Sacramento VAMC. A minor construction project to build a 12,000 SF specialty care facility has been approved at the VISN level
- Expanding Primary and Specialty Care services at the Chico OPC. The lease has been expanded to 9,999 SF, design is complete and construction will be awarded by the end of